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Eleventh session

SUMMARY RECORD OF THE 3rd MEETING

Held at the Vienna International Centre, Vienna,
on Tuesday, 29 June 1993, at 3 p.m.

President: Mrs. MACHADO QUINTELLA (Brazil)

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The meeting was called to order at 3.20 p.m.

ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 1992 ON THE ACTIVITIES OF THE ORGANIZATION (continued) (IDB.11/10, IDB.11/11, IDB.11/17, IDB.11/CRP.1, IDB.11/CRP.2; IDB.10/18; ID/380, ID/385)

1. Mr. PRODAN (Observer for Ukraine) said that among the most noteworthy achievements to emerge from the comprehensive reports before the Board were UNIDO's activities in human resource development, the development and transfer of technology, the rehabilitation and modernization of industrial enterprises, the promotion of industrial investment and an impressive array of technical cooperation projects. Commendable efforts had been made in the field of energy, especially in regard to the promotion of new and clean technologies, the use of renewable sources of energy and improved efficiency in the industrial sector, and in UNIDO's environment programme, including its implementation of the resolutions of the United Nations Conference on Environment and Development (UNCED).

2. Ukraine, too, was endeavouring to play its part, in particular in regard to human resource development. Despite its difficulties in moving towards a market economy, it had provided support for a group training programme for electric welding personnel at the training centre of the Ukrainian Academy of Sciences' Electric Welding Institute at Kiev. Participants from eight developing countries had taken part in the training programme and in the seminar held on that occasion, whose costs had been borne entirely by Ukraine. In 1993 provision had been made to cover all the expenses of specialists from the developing countries undergoing training at the centre.

3. UNIDO's activity in the region of Central and Eastern Europe, especially in the countries of the former Union of Soviet Socialist Republics had, however, been somewhat limited in 1992 - a notable exception being the investment forum organized by UNIDO in cooperation with a consulting firm in Vienna at the end of 1992. Ukraine itself had benefited from a series of initiatives, including a reconstruction programme formulated at the beginning of 1993 to build up its metallurgical industries, but no similar initiatives had been forthcoming for other sectors. Proposals by the Secretariat at the beginning of 1993 to provide technical assistance for industrial reconstruction and promotion of foreign investment were welcome. It would be helpful for Ukraine and other countries of the region undergoing a transition to a market economy if, under UNIDO's new management, a more systematic and coordinated approach to resolving their complex problems were adopted.

4. Ms. MAGISTAD (Norway), associating herself with the comments of the spokesman for the European Community and referring to the integration of

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women in industrial development, welcomed UNIDO's endeavours in that direction, including the establishment and progress of the Unit for the Integration of Women in Industrial Development. Significant projects and initiatives described in the 1992 annual report of UNIDO (IDB.11/10) indicated growing acceptance and appreciation of the contribution of women to economic progress, including industrial development. However, she questioned the view expressed in document IDB.11/11, paragraph 80, that monitoring to ensure "gender neutrality" was needed. "Gender neutrality" could only serve to maintain the status quo. More decisive approaches were needed, recognizing the different needs of men and women in development as separate target groups. Further information on UNIDO's proposed contribution to the Fourth World Conference on Women was awaited with interest.

5. While her Government remained committed to the principle of the Director-General's independent responsibility for the organization of the UNIDO Secretariat, it expected any future structure to ensure continued priority for the integration of women in industrial development, to which special attention should be paid in the final proposal to the resumed session of the Board and to the General Conference.

6. Mr. EL HUSSEIN (Sudan) noted the serious financial situation of UNIDO, related to changes in the global situation and the failure of certain States to pay their arrears. The least developed countries depended heavily on UNIDO for technical assistance, the development of human resources, the promotion of investment and privatization. Those programmes should not be affected by the financial situation of UNIDO or global changes.

7. Sudan had begun to implement a 10-year strategy for industrialization and privatization aimed at strengthening the industrial infrastructure, and would need the support of UNIDO. Despite the difficulties facing UNIDO, he commended its efforts to prepare and implement programmes aimed at strengthening industrial potential in the Member States and reinforcing the principle of self-reliance in all fields of industry. He welcomed the progress being made in programmes of the Second Industrial Development Decade for Africa and the contribution made by UNIDO towards the recent meeting of the Conference of African Ministers of Industry, which had reviewed the implementation of the programmes. The African countries looked forward to further cooperation between UNIDO and the Organization of African Unity (OAU) and the Economic Commission for Africa (ECA). Some African countries were among the least developed countries, whereas countries in other continents had achieved considerable rates of growth. His delegation therefore believed that projects for African countries should be among the foremost priorities of UNIDO and should not be adversely affected by the decline in financial resources.

8. The energy programmes described in the annual report (IDB.11/10) should be closely connected with and not implemented in isolation from industrial development. Countries lacking an industrial infrastructure were not suitable places for advanced energy programmes. With regard to the technical cooperation activities of UNIDO, there was a need to increase funds for such activities, to ensure coordination in the use of funds and to draw up new programmes for the benefit of the least developed countries.

9. His delegation gave its full support to the incorporation of women's programmes within the activities of UNIDO. Sudan had drawn up women's programmes to be incorporated into its industrial development plans. He also commended UNIDO efforts in the field of the environment and the follow-up of the United Nations Conference on Environment and Development.

10. Regarding economic cooperation among developing countries (ECDC), efforts should be focused on developing human resources and encouraging rational use of the available financial and technological resources in the developing countries. The potential for economic cooperation was not being exploited sufficiently. The advanced countries should write off the debts of the least developed countries in order to enable those countries to make a fresh start. To permit the successful transfer of technology, it was necessary to enhance the capacity of the developing countries to absorb such technology. Extrabudgetary resources should be mobilized, the System of Consultations should be developed and training programmes should be organized. In the developing countries, and in particular the least developed countries, human resources development was essential to industrial development. His delegation was therefore concerned at the sharp drop in spending on human resources development programmes in recent years. With regard to the programmes for the least developed countries, he stressed the importance of implementing fully the Paris Declaration and the Programme of Action for the least developed countries for the 1990s adopted by the Second United Nations Conference on the Least Developed Countries held in 1990.

11. Mr. BONEV (United Nations Development Programme) said that concern had been expressed about the substantial decrease in UNDP-funded projects implemented by UNIDO. All executing agencies had been affected by a similar decline in UNDP resources. Pledges had not increased as hoped, and the Administration had been compelled to decrease the indicative planning figures for the current programming cycle by 25 per cent. Another factor was the increased volume of nationally executed projects. National execution, which had accounted for almost 40 per cent of approved UNDP projects in 1992, would receive increasing emphasis in accordance with United Nations General Assembly resolutions 44/211 and 47/199, the aim being to promote self-sufficiency. Another factor had been the somewhat slower pace of implementing the new UNDP support costs arrangements than had been anticipated.

12. At its recently concluded fortieth session, the UNDP Governing Council had approved 10 UNDP country programmes for Africa, nine for Asia and the Pacific, two for Latin America and the Caribbean and four for the Arab States, and had adopted 31 decisions. In response to the call in General Assembly resolution 47/199 for a more coordinated approach within the United Nations system, the Governing Council had requested UNDP to implement the resolution both within the framework of its own activities and within the relevant inter-agency coordination mechanism. In connection with the United Nations New Agenda for the Development of Africa in the 1990s, the Council had called on the international community to assist African countries in their efforts to achieve accelerated growth and human-centred development by seeking durable solutions to the African debt crisis, among other problems, and had

requested a strengthening of UNDP efforts to address the special needs of the least developed countries.

13. On national execution and agency support costs, the Council had called upon recipient countries to assess national capacities for carrying out execution responsibilities before approval of UNDP's programmes and projects, and had encouraged greater use of the specialized agencies in the design, technical appraisal and backstopping of nationally executed projects. It had urged UNDP to accelerate the pace of approvals of TSS-2 funding of UNDP-financed projects, and had also urged greater involvement of the specialized agencies through the use of TSS-2 in the design and formulation of such projects.

14. In regard to the follow-up of UNCED and Agenda 21, the Administrator had been requested to proceed with the implementation of Capacity 21 and had been supported in his proposal to devote 40 per cent of the initiative's overall resources to the least developed countries. The Council had recognized the need for closer cooperation between UNDP, the United Nations Environment Programme (UNEP) and other agencies, including UNIDO, in the field of the environment. The Administrator had been requested to report annually on the subject, which included UNDP's relationship with other agencies involved in sustainable development.

15. The Council had accepted the modalities for the transfer of the Office for Project Services to the United Nations Secretariat, subject to a number of requirements such as its enjoying a maximum degree of autonomy and remaining a fully self-financing institution.

16. In conclusion, he informed the Board that Mr. G. J. Speth had been confirmed as the next Administrator of UNDP. On his appointment, Mr. Speth had drawn attention to the need for the various programmes and agencies of the United Nations family to focus their roles, overcome fragmentation and forge an integrated and well-coordinated effort in the countries with which they cooperated.

17. Mr. BADR (Observer for Yemen) referred to chapter VI of document IDB.11/11 ("Special Programme for Industrial Development in the Arab Countries") and specifically to paragraph 44. The least developed Arab countries had not received sufficient attention in the programmes approved. As indicated in paragraph 42, UNIDO and the regional organizations cooperating with it had adopted three regional project proposals. He commended the efforts of the Director-General to obtain the necessary funding for those proposals and trusted that such funding would be secured. Yemen attached great importance to the Special Programme for Industrial Development in the Arab Countries and urged the Director-General to increase the resources necessary to strengthen administrative capacity, competence and expertise in the Arab countries, taking into account local conditions.

18. While expressing his appreciation for the efforts of the Director-General to provide assistance to the Palestinian people and promote industry in the occupied Palestinian territory, he stressed the importance of establishing a UNIDO focal point to facilitate the activity of the Organization in the occupied territory and to seek new sources of funding which would ensure the implementation of assistance projects for the Palestinian people.

19. Mr. SALLOUKH (Observer for Lebanon) said that the profound changes sweeping the world made it necessary to adapt the activities, policies and structure of UNIDO. It was necessary to undertake structural reforms in order to cope with the financial difficulties facing the Organization. However, the changes required should not affect the mandate of UNIDO, which was to provide technical assistance for the industrialization of the developing countries, the target being to increase their share of world industrial production to 25 per cent by the year 2000. Priorities should be drawn up in the light of the industrial strategies adopted on a country and a regional basis, and attention should be paid to regional industrial cooperation and to enhancing the competitiveness of industrial products from the developing countries. Particular attention should be devoted to the Special Programme for Industrial Development in the Arab Countries. He commended the efforts of the Director-General in that regard and expressed appreciation for what had already been achieved. He supported the proposal of the regional Arab organizations for the convening of a joint meeting of organizations concerned with industry to review the priorities of the Special Programme and to mobilize funds for it. He also commended the initiative of the Director-General to convene a meeting of the Arab Ministers of Industry in June 1994.

20. The Arab region was in urgent need of an increase in the number of UNIDO Country Directors (UCDs) from the current level of two. Efforts might be made to secure national contributions towards the costs of the UNIDO Country Director programme.

21. Importance should be attached to promoting the programme for the Arab countries and to enhancing the capacity of the Arab Programme in the Secretariat. A fair geographical distribution of staff should be ensured.

22. It was also important to pay attention to regional cooperation among developing countries and to the needs of the least developed countries, and in particular the least developed Arab countries.

23. He commended the provision by UNIDO of assistance to the Palestinian people and urged the Director-General to seek to overcome the financial and security difficulties in order to broaden and develop such assistance.

24. In conclusion, he commended the cooperation between UNIDO and Lebanon. In that connection, he noted that UNIDO delegations had visited Lebanon to discuss various topics and projects with the relevant authorities. Lebanon had embarked upon a plan of reconstruction and economic revival, which would require assistance and expertise. The assistance of UNIDO and other organizations would help Lebanon to become once again a flourishing and self-sufficient country, which in turn would be able to help other developing countries in need.

25. Mr. AHMADI (Islamic Republic of Iran), commenting on UNIDO technical cooperation activities in 1992 (agenda item 5 (a)), drew

attention to the decline in the volume of technical cooperation in 1992 as compared with 1991, as reported in chapter I, paragraph 26, of document IDB.11/10. Meanwhile, it could be seen from table 3A in the statistical annex that, whereas UNDP funding had declined, other sources of funds had increased. The Organization should spare no efforts in mobilizing other such sources of funding in order to offset the continual depletion of UNDP resources.

26. With regard to the Special Programme for the Industrial Development of Asia and the Pacific (agenda item 5 (c)), the restructuring of the Secretariat should be aimed at improving the Organization's overall efficiency by ensuring greater flexibility and enhancing the Secretariat's capacity for change and innovation. The strengthening of special regional programmes could be achieved by integrating the functions of area programming and project development into one organizational component and consolidating the activities related to technical cooperation at country level. A closer relationship should be established between studies and programme development and more effective mechanisms for project appraisal and evaluation. Regrettably, the Organization's distribution of resources among different regions had not always been consistent with the principle of equitable geographical distribution; the Asia and the Pacific region, for example, accounted for only 16.6 per cent of the total value of new approvals in 1992 for the Special Industrial Services (SIS) programme by area. Another important factor in the implementation of regional programmes was the dissemination of benefits to a larger number of countries in the region.

27. On the subject of technical assistance to the Palestinian people (agenda item 5 (g)), little progress was reported towards the implementation of General Conference resolutions GC.3/Res.13 and GC.4/Res.7. His delegation encouraged the Director-General to continue his efforts to implement those resolutions in full, although such efforts would have little impact as long as the economic situation of Palestine continued to deteriorate as a result of the pursuit by the occupying regime of its policy of violence, displacement and expulsion of the native population.

28. With reference to economic and technical cooperation among developing countries and development and transfer of technology (agenda item 5 (i) and (m)), he stressed the need for the widest possible utilization of experts, services and equipment from developing countries in UNIDO's technical cooperation projects and for increased efforts to promote human and technological capabilities in developing countries. The figures given in table 1 in appendix D and table 6 in chapter V (page 113) of document IDB.11/10 showed that no progress had been achieved in securing experts from developing countries. With regard to the purchase of equipment from developing countries, paragraph 66 of document IDB.11/11 showed that the total value of UNIDO purchase orders to developing countries had decreased by 39.6 per cent in 1992 as compared with 1991 and accounted for less than 10 per cent of total technical cooperation delivery in 1992.

29. In view of those considerations, he urged that all necessary steps should be taken to fulfil the objectives of decision IDB.9/Dec.8 in order to achieve genuine ECDC and TCDC. Although he supported UNIDO's efforts to ensure active participation by industrial partners at Consultations, he wished to stress that investment promotion meetings and the creation of new projects must follow the Consultations. His Government had always supported ECDC and TCDC activities and would shortly be hosting a Consultation on Downstream Petrochemical Industries in the Developing Countries at Tehran.

30. Mr. ARIZAGA (Observer for Ecuador) said that the subjects emphasized in the Director-General's annual report (IDB.11/10) reflected the current situation of the Organization. The reduction of 25 per cent in implementation of UNDP projects from 1991 to 1992 was cause for great concern. The 8 per cent decrease in technical cooperation in 1992 compared with 1991 clearly revealed that UNIDO needed a new impetus.

31. Attracting financial resources was a priority task for the Organization. His delegation remained concerned about UNIDO's financial difficulties and welcomed the efforts made by the Director-General to stabilize the situation, including efforts to balance income and expenditure, undertake staff reductions, painful as they were, and reduce administrative costs.

32. Future annual reports should include more general information. An excess of detail made it difficult to gain a clear picture of the Organization's real situation.

33. Referring to chapter III of the annual report and the section on field representation and coordination (subprogramme 321), he said the situation of the UNIDO Country Director programme was by no means encouraging. The significant increase in local and international support costs, the $ 1.5 million disparity between UNDP contributions and UNIDO expenditures for the first year of the UNDP programming cycle, the new arrangements adopted by UNDP concerning support costs for international organizations and the reduction in voluntary contributions created a real problem for the Organization. Countries like his own, which relied on the UCD programme as a vital link between Headquarters and the field, were affected by any problems affecting the programme. There was no doubt that, as stated in the report (IDB.11/10, chap. III, para. 67), careful budget monitoring was vital. Administrative costs must be reduced and travel avoided to the greatest extent possible. The need for visits by UCDs to Headquarters must be questioned. His country had observed the Organization's difficulties and had demonstrated its willingness to help by offering to pay a portion of the local costs for UCD offices in Ecuador.

34. Referring to the section on Latin America and the Caribbean (subprogramme 335), he said it was gratifying to note that some of his Government's policies were reflected therein. His delegation was concerned that only two of the five projects identified by the General Assembly in 1989 for Latin America were now being implemented. It was, on the other hand, pleased with the change in the name of the programme for the automation of the capital goods industry, which had now become the programme for modernization of the capital goods sector. The countries of the region agreed that the new name was more realistic.

35. Work on the agro-industry programme, phase II of the project on investment promotion and the biotechnology and software and micro-electronics programmes should begin as soon as possible. He hoped the work on the remaining programmes and the new programmes whose implementation had been deferred would also start soon.

36. Referring to the section on Latin America and the Caribbean in chapter IV (subprogramme 423), he noted that in 1992 Ecuador had carried out a sectoral programme on agro-industry financed by the Government of France, and he thanked that Government for the assistance provided. Ecuador was reforming its legislation to promote industrial investment by simplifying the procedures relating to investment by foreign countries.

37. The recent changes in world events had significantly affected industrial activities. The sluggishness of economies in the developed countries, high rates of interest, the growing tendency towards protectionism and the institution of tax barriers, and reduced allocations to official development assistance on the part of developed market economies did not add up to an encouraging picture. His delegation agreed with the Director-General on the need for a new Declaration as a basis for future UNIDO activities. In his delegation's view, however, such a Declaration should not wait until the next General Conference session, as the needs were too pressing.

38. In conclusion, he thanked the Secretariat staff for the sacrifices and intensive efforts they had made in 1992.

39. Mr. SALAS BARAHONA (Peru) expressed appreciation for the efforts made by the Director-General as reflected in document IDB.11/11. A number of important items had been mentioned in the Director-General's introductory statement (IDB.11/SR.1, paras. 14-25), including efforts to find new means of financing for UNIDO programmes and the identification of special credit lines for projects in specific areas.

40. Referring to the Regional Cooperation Programme for the Industrial Recovery of Latin America and the Caribbean, he expressed support for the work of the Secretariat, which had obviously taken into account a number of essential points from the consultations held with the Latin American region. He called on the Secretariat to continue its work with the purpose of carrying out all of the projects identified.

41. He thanked the donor countries that had made it possible to implement the regional programmes on industrial subcontracting and capital goods. At the same time, he appealed to all potential donors, States and international financial institutions to facilitate the rapid launching of other programmes, which would certainly have an impact on the industrial development of the region.

42. The success of the regional programme would be assured if efficient means were provided for communication between the Secretariat and the beneficiary and donor countries to ensure not only that there was constant follow-up of the evolution of each project, but also that actions were taken at all the necessary levels to ensure the financing of such projects.

43. With regard to development and the transfer of technology, his delegation believed that UNIDO should give priority to the use of advanced and appropriate technology for the industrialization of developing countries and the generation of domestic technology suited to the specific problems and conditions of the developing countries. Such actions should be supported by professional training, modernization of the productive apparatus and enhancement of national institutions.

44. Concerning industrial investment promotion, his delegation agreed that the establishment of an electronic database would help to improve the coordination of investment promotion activities between the offices involved in such activities, UNIDO's coordinating centres in the developing countries and the Organization's Headquarters. UNIDO's operational mechanisms should be revitalized to enable them to play a significant and supportive role within the Organization's new structure. Such an effort would improve UNIDO's linkages with the international market as it was structured today.

45. His delegation believed that the measures being applied to achieve administrative and financial restructuring could constitute effective responses to the Organization's needs, especially with respect to substantive activities. In addition to facilitating the modernization of UNIDO, they would help to restore the confidence of Member States in the Organization.

46. Mr. YIMER (Ethiopia) said that his delegation welcomed the comprehensive and valuable report by the Director-General detailing the activities of the Organization over the past year. Ethiopia was one of the least developed countries and UNIDO's assistance was of paramount importance to the success of its development efforts. It was therefore grateful for the substantial assistance provided by UNIDO over the years. The country was now undergoing a major socio-economic transformation and needed assistance more than ever before. Since the collapse of the military dictatorship and establishment of the transitional Government two years ago, Ethiopia had been following a market-oriented economic policy, contrasting with the command economy that had existed during the 17 years of military rule. Among the significant features of the economic policy for the transitional period were the dismantling of huge public corporations, the re-establishment of individual and autonomous factories, the privatization of publicly owned manufacturing plants, the rehabilitation of factories, and encouragement of private investment. UNIDO could play a significant role in Ethiopia's rehabilitation and reconstruction efforts.

47. His Government would work closely with UNIDO in the fulfilment of its pre-eminent function of promoting the industrialization of developing countries, particularly the least developed countries.

48. Concerning the organization of the staffing structure, he took note of the information in document IDB.11/CRP.4. The issue was a very important one, and there should be extensive consultation among the entire membership of UNIDO to ensure that a generally acceptable solution was found.

49. His country was prepared to cooperate fully with the new Director-General in the discharge of his heavy responsibilities as head of the Organization.

50. Mr. EZZAT (Egypt), speaking on behalf of the African Group and of his own delegation, said that the UNIDO Energy Programme should be seen in relation to the basic activity of industrial development, in particular with respect to the provision of alternative, ecologically suitable sources of energy for industrial use, the rational use of locally available sources of energy and the development of national expertise to apply and develop advanced technologies in that field. He commended the efforts of the Organization in that regard; further cooperation, in particular with respect to the development and implementation of the national programmes in preparation in Egypt, would be appreciated. However, priorities should be borne in mind and activities should be limited to supporting the basic activity of the Organization, which was industrial development. Duplication with other specialized agencies should be avoided He hoped that those concerns would be clearly expressed in any resolutions dealing with activities in areas such as energy or the environment, particularly in view of the financial crisis and the need to seek supplementary sources of funding. Otherwise, the energies of the Organization might be dissipated on areas far removed from its original mandate.

51. The success of UNIDO technical cooperation programmes and projects was a major indicator of the effectiveness of the Organization. Projects should be carefully evaluated and use made of the feedback from projects. Country studies should be coordinated with project formulation. At the project formulation stage, efforts should be focused on sustainability and the capacity of projects to contribute to national development plans. His delegation continued to feel that the efforts of the Secretariat in the area of technical cooperation were insufficient.

52. He commended the efforts of the Organization regarding investment promotion and expressed his country's need for greater cooperation with UNIDO in that field, in particular with respect to the preliminary steps of investment promotion. He noted with satisfaction the progress achieved in drawing up a framework for the implementation of the Special Programme for Industrial Development in the Arab Countries despite the inadequate staffing of the relevant Secretariat unit.

53. Finally, he commended the efforts made by the Secretariat in preparing for the eleventh meeting of the Conference of African Ministers of Industry, and in particular in coordinating with the relevant regional organizations and with UNDP. In that connection, he stressed his country's desire to play an effective role in implementing the programme of the Second Industrial Development Decade for Africa. Egypt hoped to maintain close cooperation with UNIDO, particularly in the area of technical cooperation among developing countries (TCDC).

54. Mr. RIANOM (Indonesia) expressed appreciation for the Director-General's annual report for 1992 (IDB.11/10). As shown in that report and in other documents before the Board, the Organization had been successful in a number of areas, including industrial investment, despite the financial difficulties encountered.

55. His delegation had noted with concern that UNIDO's implementation of technical cooperation in 1992 had declined by 8 per cent compared with the level for 1991. Despite the budget shortfall, however, UNIDO's technical cooperation assistance to developing countries should be maintained. His delegation was pleased to note that the Organization had been able to promote 194 investment projects in 1992 compared with 166 projects in 1991. Implementation of the Special Programme for the Industrial Development of Asia and the Pacific had largely remained on course with its objective of strengthening regional programmes and developing new ones, while ensuring that the special needs of the least developed countries were taken into account. The Secretariat should continue to play its catalytic role in exploring modalities for and strengthening regional cooperation in helping the least developed countries to improve the infrastructure of their economies.

56. Although he recognized that the prime responsibility for implementing economic and technical cooperation among developing countries lay with the developing countries themselves, continuing financial support from donor countries and international organizations was still needed. Indonesia wished to share its successes in implementing economic development with the least developed countries: accordingly, since 1992, it had offered a training programme on self-propelling growth schemes to such countries. Indonesia's commitment to technical cooperation among developing countries had been further reflected at the Tenth Conference of Heads of State or Government of Non-Aligned Countries, held in September 1992 in Jakarta. As Chairman of the Non-Aligned Movement for the next three years, Indonesia strongly advocated the acceleration of South-South cooperation as a means of enhancing self-reliance among developing countries. It wished to encourage UNIDO to contribute to the implementation of the South-South cooperation programmes of the Non-Aligned Movement.

57. He reiterated his delegation's support for UNIDO and the ongoing efforts of the Director-General to revitalize the Organization so that it could offer the highest quality of service in response to the requirements of developing countries. In an era of increasing recognition of the need for sustainable development, the role of UNIDO had to be constantly redefined. Industrialization, as a central instrument of development, must respond to the major emerging themes of development, and UNIDO could contribute greatly to sustainable development.

58. Mr. AL-NOWAISER (Saudi Arabia) said that his country attached particular importance to the transfer of appropriate industrial technologies to the developing and the least developed countries. He would have liked the annual report (IDB.11/10) to include a clear and concise review of the strategy concerning the transfer of technology, as well as information on UNIDO activities in that field, in particular with regard to cooperation with the private sector and the drawing up of clear-cut programmes of technical cooperation with the developing countries and guidelines for the development of industrialization in those countries, within the limits of the financial resources of UNIDO.

59. He stressed the importance of cooperation with other international organizations in the field of energy and energy supply and demand policies, to help the developing countries to meet their energy requirements. He also drew attention to the importance of enhancing cooperation in the fields of transfer of technology and training. In that connection, his delegation supported cooperation between UNIDO and the Arab Industrial Development and Mining Organization (AIDMO) in the preparation of manufacturing profiles of energy equipment for use by the electrical industry.

60. He regretted the limited attention devoted by UNIDO to technical cooperation in the Middle East region; most of the countries in that region were in need of the transfer of technology. He also regretted the 18.7 per cent decline in the value of projects executed in the Arab world in 1992 as compared with 1991. He urged the Secretariat to devote attention to the Special Programme for Industrial Development in the Arab Countries and to strengthen the corresponding Secretariat unit. He hoped that the Director-General would take the Programme into consideration in implementing the priorities of the medium-term plan.

61. Mr. DE MARIA Y CAMPOS (Director-General) replying to questions raised in the debate, said that he had listened with great interest to the views expressed by Member States on the work of UNIDO over the past year. He hoped that the positive tenor of the debate could be taken as reflecting confidence in the Secretariat's ability to achieve results despite the adverse circumstances facing Member States and the Organization.

62. Many comments had been made on the subject of environment and energy. UNIDO had been increasingly active in that field and had undertaken many projects, but it was only recently that a comprehensive programme had been drawn up by the Task Force on Environment and the Environment Coordination Unit in the Department for Programme and Project Development. The good results achieved had enabled considerable new financial resources to be mobilized. The greatest challenge was now to strengthen the programme, not only in terms of financial resources but also in terms of human resources, to make it possible to cope with the increasing demand from developing countries and from economies in transition.

63. One problem was that UNIDO had been late in obtaining a clear mandate in some areas. He would therefore encourage Member States, for example, to adopt a resolution giving UNIDO a mandate in implementation of Agenda 21.

64. As far as the System of Consultations was concerned, considerable thought was necessary on how to update it to meet the requirements of Member States and strengthen it as a means of communication. The System of Consultations was one of the areas being studied very carefully by the Task Force on Priorities and Structural Reform of UNIDO. Efforts should be made to ensure that the various industrial development agents, in particular the private sector, which had become the engine of industrial development in most developing countries, participated in the Consultations. It was also important to ensure coordination with other areas, such as investment promotion, and with those in the Department of Industrial Operations dealing with specific sectors. The Secretariat was endeavouring to improve that coordination and to make better use of in-house capacity. There had been a reduction in resources as part of the effort to cut administrative and coordination costs. Consultations at regional level had an important role to play in bringing UNIDO closer to the developing countries it served. It was true that one regional Consultation had not been held in the region concerned. Circumstances had made it impossible for the Regional Consultation on the Petrochemical Industry in the Arab Countries to be held in Jordan as originally planned, and the meeting had been convened in Innsbruck, Austria, at the kind invitation of the authorities concerned. A Workshop on Quality and Hygiene Regulations in the Fisheries Industry, following up the Regional Consultation on the Fisheries Industry for Asia and the Pacific Island Countries, had been held in the Shetland Islands, United Kingdom, but that was also a special case. He fully agreed that regional meetings should take place in the regions involved.

65. He agreed as to the importance of ECDC/TCDC: the Task Force was giving special attention to that matter. It was true that available resources had not allowed the Economic Cooperation among Developing Countries Section to be supported as in the past, but the fact was that coordinating units could become an administrative burden; what was needed was a comprehensive programme. It was also important that the work of any unit should have the necessary upstream or downstream effects in the Organization, to ensure that investment promotion and technical cooperation took place as a result of the programmes. It was important to think about new initiatives and ideas in the area of cooperation among developing countries, and he welcomed the efforts that were being made by some developing countries to establish trust funds or investment promotion centres directed not only towards attracting resources to the developing country concerned but also towards enabling the developing country itself to play a role in assisting less developed countries or cooperating with other developing countries.

66. Many of the comments made had to do with the fact that the Secretariat was having to face increasing needs with reduced resources. It was necessary to look at ways of mobilizing financial resources to enable UNIDO to play a more meaningful role. Good communication with both developing and developed countries was needed to ensure that all Member States could enhance their contribution to UNIDO, and to convince them that UNIDO was playing a relevant role for them. Efforts were being made to consult the different regions with a view to developing a good programme of work.

67. There had been comments by Arab States regarding assistance to the Palestinian people. The role being played by UNIDO had been recognized; he would just confirm that UNIDO would continue to pursue its programme according to its mandate, with the help of donors. In present circumstances it would be hard to envisage having an administrative unit to deal with assistance to the Palestinian people. He looked forward to a time when increased resources would permit a stronger administrative infrastructure to support developing countries in all regions of the world.

68. Ms. TCHEKNAVORIAN-ASENBAUER (Officer-in-Charge, Department of Industrial Operations), replying to questions raised by the Board on issues of energy and environment, said that UNIDO's energy and environment programme had great potential. She agreed that activities in that area must be integrated into industrial development as a whole. The programme had many projects dealing with new and renewable sources of energy. Once a project had been assessed for its technical and economic viability, it was a matter of seeking the investment and ensuring that there was capacity to produce locally the equipment and services required. One example was a wind energy project in Egypt, undertaken with the help of Danish companies expert in the field, which was now producing electricity for a desalination plant, using turbines produced in Egypt.

69. As for coordination between UNIDO and other agencies on the question of energy, she said there was excellent cooperation with the World Bank regarding climate change and the Global Environment Facility, and with UNDP regarding Capacity 21. The "Vienna Four" - UNIDO, IAEA, OPEC and the International Institute for Applied Systems Analysis (IIASA) - had established very close cooperation and a work programme for matters of policy regarding the supply and demand aspects of energy, which would enhance their capacity to assist the developing countries. The four organizations had harmonized their information base, and were cooperating in seeking ways of improving their capacity to deliver.

70. Turning to UNIDO's environment programme, she said that the Organization was the only one in the United Nations system which had close links with industry, industrial institutions and chambers of commerce, and was therefore the only one capable of translating global environment policies into national industrial policies. It was hoped that the UNIDO project in Egypt for the phasing out of chlorofluorocarbons (CFCs), which had just been approved for $1 million, could be successfully implemented. In addition UNIDO, as requested by the Fund, had presented a three-year programme for 1994-1996 which foresaw $40 million for UNIDO to implement in that area.

71. With regard to UNIDO's follow-up activities to the United Nations Conference on Environment and Development (UNCED), she said that the Commission on Sustainable Development (CSD) had decided to take action in the area of the transfer of environmentally sound technology. The Commission supported the establishment of sound technology centres, and intended to make contact with intergovernmental bodies concerned, such as UNIDO, with a view to collaborative arrangements in that area. Agenda 21 would become one of the basic documents of UNIDO.

72. Finally, she listed the UNIDO projects in the area of environment and energy, noting that in 1992 they had represented 25 per cent of the entire technical cooperation programme, compared with 5 per cent five years before.

73. Mr. BEHRENS (Deputy Director-General, Department for Programme and Project Development), with reference to the quality of UNIDO's technical assistance projects, welcomed the support expressed for the application of the logical framework approach and target-oriented project planning. In May 1993, a systematic training programme had been initiated to enable staff to apply those techniques. There was continuing cooperation with the German Agency for Technical Cooperation (GTZ) and UNDP to develop those concepts for the benefit of UNIDO and for the benefit of the countries of the third world. Relevance, cost-effectiveness and sustainability were the issues for project evaluation and appraisal. Cost-effectiveness not only meant the implementation of projects in the most cost-effective manner in the field; for the Secretariat, the introduction of a screening mechanism in 1993 would allow projects to be carefully screened prior to their development and their submission to donors. Scarce human resources would then be concentrated on projects that had a chance of being funded by donors and subsequently being successfully implemented and sustained in the recipient countries.

74. With regard to cooperation among developing countries, he wished to add a few thoughts. Such cooperation would be intensified, as suggested by a number of delegations, but not necessarily by increasing staff resources. The concept of ECDC should be seen as an integral part of UNIDO's activities. For example, the System of Consultations, Technology Development and Promotion and Industrial Operations Technology Divisions had been cooperating in a number of ECDC activities. Many of the projects and programmes being carried out had built-in ECDC components and that important feature would be maintained in the future.

75. With regard to the UNIDO Country Director programme, he welcomed the comments made by the representative of UNDP regarding the difficulties faced by its Governing Council in obtaining funding for the current cycle and the implications of that for the executing agencies, particularly with regard to the delay in some of the most important aspects of the successor arrangements, which had caused agencies a loss in income and forced UNIDO to continuously review the income projections for the current year and the coming biennium in order to ensure that the financial resources were available to run the Organization. Efforts were being made to mobilize new funds, outside the traditional funding sources.

76. Mr. OBMINSKI (Deputy Director-General, Department for Industrial Promotion, Consultations and Technology) said that many delegations had expressed interest in the question of investment promotion. The promotional activities represented a comparative advantage for UNIDO. Firstly, UNIDO had no vested interests, and was supporting developing countries in all negotiations. Secondly, UNIDO was supporting small and medium enterprises in developing countries. Thirdly, investment promotion meetings had their own specific features which set them apart from other meetings. Without good projects, money would be wasted. That was why UNIDO tried to make a very careful evaluation of projects before holding investment promotion forums. It meant that participants would receive project proposals before the meetings which would enable them to preselect partners for further contacts. In general the Department had about 10 per cent of UNIDO's budget and generated almost 30 per cent of all technical cooperation delivery. However, the problem of financing the projects remained very acute. The situation was complicated by the need to attract extrabudgetary resources for programmes in developing countries and particularly for economies in transition. The

example of Belarus, whose representatives had approached the World Bank with a request that UNIDO should be made one of the main agents in the execution of its loans, could perhaps be followed. The countries of Eastern and Central Europe that were now in a difficult position could apply for resources from international financial institutions for UNIDO activities. UNIDO could then be very helpful to the organizations involved, but the initiative should come from the national Governments.

77. UNIDO was strengthening its network of Investment Promotion Service offices and conducting negotiations on the opening of such offices in more than 20 additional countries. Countries wanted to be included in the network and use UNIDO's data banks in the search for good investors for projects. UNIDO's role could be crucial - particularly for small and medium enterprises, because large enterprises did not really need UNIDO as they had their own consulting capabilities and negotiators. It was also necessary to help economies in transition to privatize their technological capabilities. UNIDO already had experience and expertise in that field. It was important that no technological capability be wasted, wherever it was located.

78. His Department also included the System of Consultations Division. The System of Consultations could be an important element of promotional activities and an aid in identifying the competitive edge of developing countries.

79. Mr. WOTAVA (Austria) said that UNIDO should respond vigorously to Agenda 21. Ms. Icheknavorian-Asenbauer and Mr. Behrens had pointed out the importance of the area of sustainable development, in which UNIDO was already involved to a considerable degree. He wondered whether the Board should take a decision on that subject; the other specialized agencies had already taken such decisions. UNIDO had been very active in the preparations for the United Nations Conference on Environment and Development, and should participate in the follow-up process.

80. Ms. TCHEKNAVORIAN-ASENBAUER (Officer-in Charge, Department of Industrial Operations) agreed that such a specific decision would be very important in strengthening UNIDO's activities.

PARTICIPATION OF UNIDO IN INTERNATIONAL COOPERATION TO STUDY AND MITIGATE THE CONSEQUENCES OF THE CHERNOBYL ACCIDENT (IDB.11/8)

81. Mr. BEHRENS (Deputy Director-General, Department for Programme and Project Development), introducing the agenda item, said that while UNIDO's contribution to international cooperation to study and mitigate the consequences of the Chernobyl accident had been modest because of limited financial resources, its interest had been demonstrated by its participation in the Ad Hoc Inter-agency Task Force on Chernobyl and its preparation of an industrial survey of the three republics affected by the accident, and of the consequences of the accident for their economic activities. The survey was of paramount importance in identifying priority requirements in economic rehabilitation in such fields as building materials and construction, food processing and packaging, small-scale industrial development and investment promotion. Implementation of the project depended upon the mobilization of financial resources, and the cost was estimated at $ 474,000.

82. The United Nations Coordinator of International Cooperation for Chernobyl, Mr. Eliasson, had recently advised UNIDO that the future efforts of the United Nations would be based on priority projects and realistic time frames, rather than on the large-scale comprehensive 1991 Joint Plan. He had also emphasized the need for a flexible funding strategy, and had said that the United Nations system agencies should include a Chernobyl item in their regular programmes of activities, and allocate financial resources in their budgets. The United Nations system was clearly adopting a more vigorous and flexible approach, and was encouraging the agencies to promote their own programmes and projects to that end.

83. Mr. SKRIPKA (Russian Federation) said that the consequences of the Chernobyl accident were still being felt; traces of radioactive contamination from Chernobyl were still appearing in 16 administrative regions, including St. Petersburg and Yekaterinburg, and the Republic of Mordovia. According to measurements taken on 1 January 1993, more than 56,000 km^2 of the territory of the Russian Federation, with a population of 2.7 million, were contaminated with caesium 137 at a level of 1 curie per square kilometre or higher.

84. In October 1992 the Government of the Russian Federation had adopted a programme to protect its population from the consequences of the Chernobyl tragedy in the period 1992-1995 and the period up to the year 2000. A law had been passed on the social protection of citizens who had suffered the effects of radiation as a result of the Chernobyl accident. In 1990-1992 some 30,000 people had been resettled from contaminated territories, and in 1992 3,000 people who had taken part in the efforts to deal with the emergency had been treated in the All-Russian Centre for Environmental Medicine. A special socio-environmental weekly entitled "Russian Chernobyl" was being published in order to keep those living in the affected territories informed.

85. Cooperation between Russia and other countries was growing. Russian and German experts were carrying out measurements in the affected territories, and in 1991-1992 they had seen about 200,000 people. Efforts to overcome the consequences of the Chernobyl accident had a genuinely international significance, since the tragedy itself had an international dimension. It was impossible to deal with the problem alone, and multilateral cooperation, with the coordinating role of the United Nations, was vital. It was encouraging that the problem of Chernobyl was now firmly in the sphere of activity of the United Nations system and by virtue of its unprecedented character had a special place on the socio-economic agenda of the United Nations.

86. His delegation had noted with satisfaction the report by the Director-General (IDB.11/8) which set out the specific measures which UNIDO was taking to mitigate the consequences of the Chernobyl accident. The Russian Federation particularly valued the Organization's initiative in preparing a survey of the industrial sectors of the three States affected by the accident. Unfortunately, in practical terms nothing had been done because of a lack of financial resources. His delegation hoped that the present session of the Board would give a new impulse to those UNIDO activities when it came to consider the draft resolution on Chernobyl which

had been prepared by the Russian Federation, Belarus, Kyrgyzstan and Ukraine, and had taken account of the communiqué issued after the talks at Minsk, Belarus, on 26 May 1993 between Belarus, the Russian Federation, Ukraine and the United Nations Coordinator of International Cooperation for Chernobyl, which had called for the inclusion of the Chernobyl problem in the regular activities of the agencies of the United Nations system.

87. Mr. MATJUSHEVSKI (Belarus) said that seven years had elapsed since the Chernobyl accident, which had directly or indirectly affected the fates of millions of people throughout the world. It was precisely for that reason that joint efforts by the world community to minimize the consequences of the accident and to organize assistance to the countries that had suffered most, in the forefront of which was Belarus, must be intensified. The losses to be borne by Belarus from 1986 to the year 2015 had been calculated by domestic and foreign experts at around 20 times the country's annual budget. To Belarus's great misfortune, optimistic estimates were not holding true and the effects of the accident were not diminishing with time: in a number of respects they were drastically worsening. Diseases of the circulatory system and other organs and inherited diseases had significantly increased, affecting children in particular.

88. It was regrettable that practical efforts by the United Nations to implement the relevant General Assembly resolutions did little to solve the Chernobyl problem. Contributions to the Chernobyl Trust Fund amounted to around $ 1 million. Commitments of bilateral resources totalled around $ 8 million. Yet to carry out the proposed 131 projects, nearly $ 650 million was required. Many of those projects were directly within UNIDO's sphere of competence, including the construction of housing and the generation of jobs and infrastructure. His country counted on UNIDO's assistance in mobilizing funds, including special-purpose grants from donor countries, to carry out such projects. It should be stressed that bilateral and multilateral economic cooperation with developed countries would facilitate the implementation of such projects as an integral part of national programmes for industrial development. It was to be hoped that the visit to Minsk of the United Nations Coordinator of International Cooperation for Chernobyl and the holding of negotiations on the Chernobyl problem between the Governments of Belarus, the Russian Federation and Ukraine would help to revive interest in the problem.

89. Belarus's yearly expenditure on measures connected with liquidating merely the direct consequences of the Chernobyl accident amounted to around 6 per cent of GDP, and his Government appealed to UNIDO for assistance in finding additional advantageous sources of financing for its projects, including those aimed at organizing the production of medical apparatus and instruments and provision of uncontaminated food products, particularly children's foodstuffs.

90. His Government was devoting every effort to mitigating the consequences of the Chernobyl accident, but Belarus had the right to expect morefrom the international community and its specialized agencies than a mere formal acknowledgement of the problem. His delegation called on all members of the Board to support the important draft resolution on Chernobyl.

91. Mr. KOSTENKO (Observer for Ukraine) said that, of the 131 proposed projects under the joint plan of international cooperation to alleviate the effects of the Chernobyl accident, UNIDO had identified more than 30 which it could implement under its mandate. UNIDO's initiative in preparing an industrial survey of the three countries affected by the Chernobyl accident deserved to be supported, as did the other priority projects selected by UNIDO which were listed in paragraph 6 of the Director-General's report (IDB.11/8). He also welcomed the fact that at its recent Geneva meeting the Ad Hoc Inter-agency Task Force had endorsed the UNIDO project on the industrial survey.

92. However, none of the above-mentioned projects and initiatives had been implemented due to a lack of the necessary financial support. The Secretariat had done all it could to contribute to the solution of the Chernobyl problem, but the Task Force had not provided the money. It should have been borne in mind that UNIDO had its own Industrial Investment Division with a wide investment promotion network around the world, which sought sponsers for investment projects; there was also a unit concerned with the mobilization of funds, and if the Secretariat had used all available mechanisms the Board would not be looking at a list of unimplemented initiatives but at a list of implemented projects.

93. Mr. SOULTANOV (Observer for Kyrgyzstan) said that the Chernobyl accident had been one of the most serious environmental accidents in the history of mankind, and had occurred when the co-sponsors of the draft resolution lived in a single State, the Union of Soviet Socialist Republics. People from Kyrgyzstan had taken part in the efforts to liquidate the consequences of the Chernobyl accident, and it was his moral duty to speak in support of the draft resolution, and to call on members of the Board to give it their support.

94. Mr. BEHRENS (Deputy Director-General, Department for Programme and Project Development) said it was difficult to give a satisfactory reply to the points that had been raised by the previous speakers. Urgent measures were certainly required, but the international community had been unable to provide UNIDO with the means to fund its survey. The Secretariat would make further efforts to negotiate with potential donors, who might reconsider their positions now that they had heard the speakers from the affected region.

The meeting rose at 6.20 p.m.